

INTERGOVERNMENTAL CONTRACTS BETWEEN MUNICIPAL CORPORATIONS (EXCERPT)
Act 35 of 1951

124.7 Intergovernmental contract; required provisions.

Sec. 7.

Any intergovernmental contract entered into under section 5 for the purpose of establishing a group self-insurance pool shall provide:

- (a) A financial plan setting forth in general terms:
 - (i) The insurance coverages to be offered by the group self-insurance pool, applicable deductible levels, and the maximum level of claims which the pool will self-insure.
 - (ii) Subject to section 7a, the amount of cash reserves to be set aside for the payment of claims.
 - (iii) The amount of insurance to be purchased by the pool to provide coverage over and above the claims which are not to be satisfied directly from the pool's resources.
 - (iv) Subject to section 7a, the amount of aggregate excess insurance coverage to be maintained or the amount of the deposit of unimpaired surplus to be maintained with the state treasurer, which aggregate excess insurance or deposit shall be used in the event that the group self-insurance pool's resources are exhausted in a given fiscal period. The aggregate excess insurance or deposit or combination of aggregate excess insurance and deposit shall be, at a minimum, in the amount of \$5,000,000.00 unless the commissioner determines a lesser amount of aggregate excess insurance would be adequate.
- (b) A plan of management which provides for all of the following:
 - (i) The means of establishing the governing authority of the pool.
 - (ii) The responsibility of the governing authority with regard to fixing contributions to the pool, maintaining reserves, levying and collecting assessments for deficiencies, disposing of surpluses, and administering the pool in the event of termination or insolvency.
 - (iii) The basis upon which new members may be admitted to, and existing members may leave, the pool.
 - (iv) The identification of funds and reserves by exposure areas.
 - (v) Other provisions necessary or desirable for the operation of the pool.
- (c) For election by pool members of a governing authority, which shall be a board of directors for the pool, a majority of whom shall be elected or appointed officers of pool members.

History: Add. 1982, Act 138, Imd. Eff. Apr. 27, 1982 ;-- Am. 1988, Act 36, Eff. July 1, 1988